

**NORTHWEST IOWA COMMUNITY COLLEGE
SHELDON, IOWA**

**Independent Auditors' Report
Financial Statements and Supplemental Information
Schedule of Findings and Questioned Costs**

June 30, 2005

**NORTHWEST IOWA COMMUNITY COLLEGE
C O N T E N T S**

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NORTHWEST COMMUNITY COLLEGE

OFFICIALS

NAME	TITLE	TERM EXPIRES
Board of Directors		
Kenneth Vande Brake	Member	2006
Craig Struve	President	2006
Jerry Adams	Member	2005
Dr. Loretta Berkland	Vice President	2005
James Haberkorn	Member	2007
Larry Hoekstra	Member	2007
Leroy Van Kekerix	Member	2005
Community College		
Dr. Andrew Matonak	President – Partial Year	
Alethea Stubbe	Vice President of Administration and Board Secretary/Treasurer/ Interim President	

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Northwest Iowa Community College
Sheldon, Iowa

We have audited the accompanying financial statements of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, as of and for the year ended June 30, 2005. These financial statements are the responsibility of the Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statement of the Northwest Iowa Community College Foundation (the component unit of the Community College discussed in Note 1), which statements reflect total assets of \$1,598,525 and total operating revenues of \$291,503 for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion insofar as it relates to that unit is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Iowa Community College as of June 30, 2005, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated September 16, 2005, on our consideration of Northwest Iowa Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government*

Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4–10 and 27–28, respectively, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Northwest Iowa Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information on pages 29 through 51 including the Schedule of Expenditures of Federal Awards required by the United States Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Northwest Iowa Community College. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

William & Langman P.C.
Certified Public Accountants

Le Mars, Iowa
September 16, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Northwest Iowa Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- ◆ College operating revenues increased 3.4% or \$247,943 from fiscal year 2004 (FY 04). Tuition and fees and federal appropriations increased, and Iowa Industrial New Jobs Training program and auxiliary enterprises revenues decreased.
- ◆ College operating expenses decreased 1.4%, or \$177,220, from fiscal year 2004 (FY 04). Liberal arts and sciences, adult education, administration, physical plant, general institution, scholarships and grants and depreciation expenses increased, while vocational technical, cooperative services, student services, learning resources, and auxiliary enterprises decreased.
- ◆ The College's net assets increased 7.5%, or approximately \$1,204,000, from fiscal year 2004 (FY 04).

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the College's budget for the year.

Other Supplementary Information provides detailed information about the individual funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the College.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

The Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities and net assets of the College as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

Net Assets

	June 30	
	2005	2004
Current Assets	14,128,922	12,205,895
Noncurrent Assets	12,331,471	13,434,489
Total Assets	26,460,393	25,640,384
Current Liabilities	3,552,140	3,268,455
Noncurrent Liabilities	5,633,404	6,301,736
Total Liabilities	9,185,544	9,570,191
Net Assets		
Invested in capital assets, net of related debt	8,802,920	8,480,087
Restricted	2,542,937	2,411,764
Unrestricted	5,928,992	5,178,342
Total Net Assets	17,274,849	16,070,193

Comparison of Net Assets

The largest portion of the College's net assets (51%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (15%) includes resources that are subject to external restrictions. The remaining net assets (34%) are the unrestricted net assets that can be used to meet the College's obligations as they come due.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

In general, a public college, such as Northwest Iowa Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

Changes in Net Assets

	June 30	
	2005	2004
Operating Revenues:		
Tuition and fees	2,667,568	2,429,258
Federal appropriations	1,707,628	1,471,415
Iowa Industrial New Jobs Training Program	895,643	1,013,191
Auxiliary	1,600,983	1,810,997
Miscellaneous	657,534	556,552
Total operating revenues	7,529,356	7,281,413
Total operating expenses	12,495,731	12,672,951
Operating Loss	(4,966,375)	(5,391,538)
Non-operating revenues (expenses)		
State appropriations	4,290,298	4,601,844
Property tax	1,365,872	1,739,325
Interest income on investments	237,265	135,779
Gain (Loss) on sale of capital assets	(11,847)	11,016
Rental of college facilities	16,834	15,209
Foundation Revenue (net of expense)	281,700	679,222
Interest on indebtedness	(9,091)	(10,184)
Net non-operating revenues	6,171,031	7,172,211
Increase in net assets	1,204,656	1,780,673
Net assets July 1, 2004	16,070,193	14,289,520
Net assets July 1, 2005	17,274,849	16,070,193

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year, with an increase in the net assets at the end of the fiscal year.

Total Revenue by Source

In FY 05, operating revenues increased by \$247,943 (3.4%) as a net result of the following changes:

- ◆ Tuition and fees increased by \$238,310 due to an \$8.00 per credit increase in tuition and a new \$5.00 per credit technology fee.
- ◆ Federal appropriations increased by \$236,213 (16.05%) due to the activity in the Title III and Trio grants.
- ◆ The Iowa Industrial New Jobs Training program decreased \$117,548 (11.6%) due to a decrease in the collection of IA withholding tax as a result of more projects becoming fully funded.
- ◆ Auxiliary enterprises revenue decreased by \$210,014 (11.6%) due to a minor decrease in the activity of some of the auxiliary accounts which include the parts store, bookstore, powerline projects and heavy equipment projects.

Total Expenses

	June 30	
	2005	2004
Education and support:		
Liberal arts and sciences	921,851	850,020
Vocational technical	2,905,474	3,387,427
Adult education	664,748	662,720
Cooperative services	906,358	1,020,169
Administration	593,189	577,068
Student services	566,894	642,454
Learning resources	209,989	225,626
Physical plant	882,064	810,764
General institution	1,978,490	1,828,300
Auxiliary enterprises	1,718,690	1,730,754
Scholarships and grants	510,504	316,528
Depreciation	637,480	621,121
Total Operating Expenses	12,495,731	12,672,951

In FY 05, operating expenses decreased by \$177,220 (1.4%). The following factors explain some of the changes:

- ◆ Liberal arts and sciences and vocational technical decreased by \$410,122. This was due to the purchase of new technology equipment at the end of FY 04. This was done so the equipment would be ready for the Fall 04 semester as the college had established a new \$5.00 per credit technology fee.
- ◆ Cooperative services decreased by \$113,811 as a result of smaller payments made to companies participating in the Iowa Industrial New Jobs Training Program.
- ◆ General institution increased by \$150,190 as a result of the completion of the college's new health addition.
- ◆ Scholarships and grants increased by \$193,976 as a result of the increase in the number of students eligible for grants and scholarships.

Statement of Cash Flows

A statement included in Northwest Iowa Community College's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

Cash Flows

	June 30	
	2005	2004
Cash provided (used) by:		
Operating activities	(3,813,035)	(4,011,266)
Non-capital financing activities	5,878,296	6,510,365
Capital and related financing activities	(1,006,349)	(1,267,349)
Investing activities	237,265	135,779
Net increase in cash	1,296,177	1,367,529
Cash, beginning of the year	9,619,070	8,251,541
Cash, end of the year	10,915,247	9,619,070

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, local property tax received by the College and the receipt and disbursement of federal direct loan program proceeds. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

CAPITAL ASSETS

At June 30, 2005, the College had approximately \$9.1 million invested in capital assets, net of accumulated depreciation of \$9 million. Depreciation charges totaled \$637,480 for FY 05. Details of capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30	
	2005	2004
Land	346,880	346,880
Buildings and Other Structures	6,664,978	5,734,194
Equipment	1,698,606	1,617,657
Software Development	412,456	239,884
Construction in Progress	-	936,472
Total	9,122,920	8,875,087

Planned capital expenditures for the fiscal year ending June 30, 2006 are expected to include technology and facility upgrades at an estimated cost of \$250,000. More detailed information about the College's capital assets is presented in Note 5 to the financial statements.

DEBT

At June 30, 2005, the College had \$6.6 million in debt outstanding, a decrease of \$20,000 from 2004. The table below summarizes these amounts by type.

	June 30	
	2005	2004
Certificates Payable	6,215,000	6,135,000
Notes Payable	170,000	235,000
Bonds Payable	200,000	235,000
Total	6,585,000	6,605,000

More detailed information about the College's outstanding debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS

Northwest Iowa Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for College officials. Some of the realities that may potentially become challenges for the College to meet are:

- ♦ State aid will remain virtually unchanged. There was a deappropriation in state general aid in FY 02 in the net amount of \$255,751. State aid for FY 06 is still \$13,359 short of what was collected in state general aid in FY 01.
- ♦ Expenses will continue to increase and the burden of meeting these obligations have been placed on the students with the continued increases in tuition and fees.
- ♦ Facilities at the College require constant maintenance and upkeep.
- ♦ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

The College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

Contacting the College's Financial Management

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Northwest Iowa Community College, 603 West Park Street, Sheldon, IA 51201.

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NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
JUNE 30, 2005

ASSETS

Current Assets:

Cash and Pooled Investments	\$ 10,915,247
Receivables:	
Accounts, Net of Allowance for Doubtful Accounts of \$2,626	340,895
Property Tax:	
Current Year Delinquent	18,577
Succeeding Year	1,380,649
Iowa Industrial New Jobs Training Program	683,496
Notes	90
Due from Other Governments	631,625
Inventories	158,343
Total Current Assets	<u>14,128,922</u>

Noncurrent Assets:

Endowment Investments	1,598,525
Receivables:	
Iowa Industrial New Jobs Training Program	1,610,026
Capital Assets:	
Land	346,880
Buildings	11,930,240
Other Structures and Improvements	777,639
Furniture, Machinery and Equipment	4,754,348
Software Development	412,457
Accumulated Depreciation	<u>(9,098,644)</u>
Total Noncurrent Assets	12,331,471

Total Assets

\$ 26,460,393

NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
JUNE 30, 2005

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 171,707
Salaries and Benefits Payable	155,882
Accrued Interest Payable	667
Deferred Revenue:	
Succeeding Year Property Tax	1,380,649
Other	206,887
Early Retirement Payable	220,182
Compensated Absences Payable	16,207
Insurance Reserve	150,000
Deposits Held in Custody for Others	134,959
Certificates Payable	1,035,000
Notes Payable	40,000
Bonds Payable	40,000
Total Current Liabilities	<u>3,552,140</u>

Noncurrent Liabilities:

Compensated Absences Payable	163,404
Certificates Payable	5,180,000
Notes Payable	130,000
Bonds Payable	160,000
Total Noncurrent Liabilities	<u>5,633,404</u>

Total Liabilities

9,185,544

NET ASSETS

Invested in Capital Assets, Net of Related Debt	8,802,920
Restricted:	
Nonexpendable:	
Cash Reserve	119,015
Permanent Foundation Net Assets	948,755
Expendable:	
Loans	13,073
Other Foundation Net Assets	649,770
Other	812,324
Unrestricted	5,928,992

Total Net Assets

\$ 17,274,849

**NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005**

Revenues

Operating Revenues:

Tuition and Fees, net of scholarship allowances of \$652,709	\$ 2,667,568
Federal Appropriations	1,707,628
Iowa Industrial New Jobs Training Program	895,643
Auxiliary Enterprises, net of scholarship allowances of \$74,609	1,600,983
Miscellaneous	657,534
Total Operating Revenues	<u>7,529,356</u>

Expenses

Operating Expenses:

Education and Support:

Liberal Arts and Sciences	921,851
Vocational Technical	2,905,474
Adult Education	664,748
Cooperative Services	906,358
Administration	593,189
Student Services	566,894
Learning Resources	209,989
Physical Plant	882,064
General Institution	1,978,490
Auxiliary Enterprises	1,718,690
Scholarships and Grants	510,504
Depreciation	637,480
Total Operating Expenses	<u>12,495,731</u>

Operating (Loss) (4,966,375)

Non-operating Revenues (Expenses)

State Appropriations	4,290,298
Property Tax	1,365,872
Interest Income From Investments	237,265
Gain (Loss) on Disposal of Capital Assets	(11,847)
Rental of College Facilities	16,834
Foundation Revenue (net of expense)	281,700
Interest on Indebtedness	(9,091)
Net Non-operating Revenues	<u>6,171,031</u>

Increase in Net Assets 1,204,656

Net Assets Beginning of Year 16,070,193

Net Assets End of Year \$ 17,274,849

NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2005

Cash Flows from Operating Activities:	
Tuition and Fees	\$ 2,757,370
Grants and Contracts	1,566,891
Iowa Industrial New Jobs Training Program	1,618,485
Payments to Employees	(6,803,656)
Payments to Suppliers	(3,827,339)
Payments to NJTP Recipients	(816,701)
Payments for Scholarships	(510,504)
Auxiliary Enterprise Charges	1,600,983
Other Receipts	601,436
Net Cash (Used) by Operating Activities	<u>(3,813,035)</u>
Cash Flows from Non-Capital Financing Activities:	
State Appropriations	4,303,260
Property Tax	1,365,719
Rental of College Facilities	16,834
Foundation	226,213
Agency receipts	119,357
Agency disbursements	(153,087)
Net Cash Provided From Non-Capital Financing Activities	<u>5,878,296</u>
Cash Flows from Capital and Related Financing Activities:	
Aquisition of Capital Assets	(907,159)
Proceeds from the Sale of Capital Assets	10,000
Principal Paid on Debt	(100,000)
Interest Paid on Debt	(9,190)
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,006,349)</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>237,265</u>
Net Cash Provided by Investing Activities	<u>237,265</u>
Net Increase in Cash	1,296,177
Cash at Beginning of Year	<u>9,619,070</u>
Cash at End of Year	<u>\$ 10,915,247</u>

See Notes to Financial Statements

NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2005

Reconciliation of Operating Loss to Net Cash Used by

Operating Activities:

Operating (Loss)	\$ (4,966,375)
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Adjustments to Reconcile Operating Loss to Net Cash

Used by Operating Activities:

Depreciation	637,480
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Change in Present Value of Early Retirement Payments	(57,611)
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Changes in Assets and Liabilities:

Decrease in Prepaid	4,550
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Decrease in Accounts Receivable	87,527
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Decrease in NJTP Receivable	722,842
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(Increase) in Due From Other Governments	(58,293)
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Decrease in Inventories	28,829
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(Decrease) in Accounts Payable	(193,962)
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Increase in Salaries Payable	35,168
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(Decrease) in Deferred Revenue	(78,656)
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(Decrease) in Compensated Absences	(2,655)
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(Decrease) in Early Retirement Payable	(52,354)
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Increase in Deposits in Custody	475
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Increase in Certificates Payable	80,000
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Total Adjustments	1,153,340
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Net Cash (Used) by Operating Activities

	\$ (3,813,035)
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NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies

Northwest Iowa Community College is a publicly supported college, established and operated by Merged Area IV under the provisions of Chapter 260C of the Code of Iowa. Northwest Iowa Community College may offer programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Northwest Iowa Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Northwest Iowa Community College maintains a campus and has its administrative office in Sheldon, Iowa. The Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area IV.

The Community College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Northwest Iowa Community College has included all funds, organizations, agencies, boards, commissions and authorities. The Community College has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Community College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Community College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Community College. Northwest Iowa Community College has included the Northwest Iowa Community College Foundation as a blended component unit that meets the Governmental Accounting Standards Board criteria. The Northwest Iowa Community College Foundation has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the College.

Blended Component Unit

Northwest Iowa Community College Foundation is a non-profit corporation, whose goal is to provide support to the Community College and students, and whose financial activities are included as endowment funds in these financial statements. Northwest Iowa Community College Foundation primarily receives funds through donations to provide scholarships to students. The governing board of this organization has members who are also officers of the Community College. However, these members do not comprise a majority of the Foundation's board.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies – (Continued)

Net assets of the Foundation at June 30, 2005, include the following:

Expendable Restricted Net Assets	\$ 649,770
Permanently Restricted Net Assets	948,755
	<u>\$ 1,598,525</u>

B. Basis of Presentation

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets:

Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the Community College, including the Community College's permanent endowment funds, and a cash reserve required by Iowa Code.

Expendable – Net assets whose use by the Community College is subject to externally imposed stipulations that can be fulfilled by actions of the Community College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets: Net assets that are not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

GASB Statement No. 35 also requires that Statements of Net Assets, Revenues, Expenses and Changes in Net Assets and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the Community College. For the most part, the effect of interfund activity has been removed from these statements.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies – (Continued)

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, Northwest Iowa Community College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the balance sheet:

Cash and Pooled Investments – Investments consist of non-negotiable savings and certificates of deposit and are stated at cost which approximates fair value.

For the purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amount of cash, and at the day of purchase, they have a maturity date no longer than three months.

Short-Term Interfund Receivables/Payables – During the course of its operations, the Community College had numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received, as of June 30, 2005, balances of interfund amounts receivable or payable have been recorded as “due to other funds” and “due from other funds”, respectively.

Due from Other Governments – This asset represents state aid, grants and reimbursements due from the State of Iowa, grants and reimbursements due from the Federal government, and amounts due from local municipalities.

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Directors to the appropriate County Auditors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies – (Continued)

each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the Community College for training projects entered into between the Community College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2005, on NJTP projects, plus interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. No interest costs were capitalized since there were no qualifying assets.

Capital assets are defined by the Community College as assets with initial, individual costs in excess of \$5,000.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u> <u>(In Years)</u>
Buildings	30
Other structures and improvements	30
Equipment	5-10
Vehicles	5-10

The Community College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements.

Salaries and Benefits Payable – Payroll and related expenses for instructors with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies – (Continued)

Deferred Revenue – When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue. Deferred revenue consists of succeeding year property tax receivable, tuition deposits, and unearned revenue on 260 E and F projects.

Compensated Absences – Community College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences plus related benefits are recorded as liabilities of the appropriate fund. These liabilities have been computed based on rates of pay in effect at June 30, 2005.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, dormitories, parts, printing and reproduction, and trade and industry.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are recorded in the prior fiscal year.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while other payments made directly to students are presented as scholarship expenses.

Operating and Non-Operating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, property tax and interest income.

E. Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2005

Note 2 - Cash and Pooled Investments

The Community College's deposits in banks at June 30, 2005, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

All of the College's investments are in savings accounts, certificates of deposit or money-market accounts, thus cost equals fair value for all of the College's investments. Additionally, as all the College's investments are some form of deposit and protected per Chapter 12c of the Iowa Code, credit risk and concentration risks do not apply. The College protects against interest rate risk by dictating all maturities be of one year or less.

Note 3 - Accounts Receivable and Credit Policies

Accounts receivable includes \$41,443 for uncollateralized student obligations stated at the amount billed to the student plus any accrued and unpaid interest. The carrying amount of accounts receivable is reduced by an allowance of \$2,626 that reflects management's best estimate of the amounts that will not be collected. Management reviews all accounts receivable balances that are delinquent and estimates the portion, if any, of the balance that will not be collected.

Each student is required to pay the balance on their account by the first day of class. A payment plan is available for a \$10.00 fee plus \$1.00 per credit hour enrolled. No interest charges or other fees are assessed to student accounts on the monthly payment plan, unless a payment is delinquent. Students must have their accounts paid by the first day of classes or use college payment plan. If they do not pay and are not on our payment plan, they are taken out of their courses and not allowed in class.

Note 4 - Inventories

The Community College's inventories at June 30, 2005, are as follows:

Parts, Supplies and Materials	\$ 29,928
Merchandise Held for Resale-Bookstore	109,531
Other-Bookstore	<u>18,884</u>
Total	<u>\$ 158,343</u>

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2005

NOTE 5 - Capital Assets

Capital assets activity for the year ended June 30, 2005 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End Of Year
Capital Assets, not being depreciated:				
Land	\$ 346,880			\$ 346,880
Construction in Progress	936,472	\$ 314,081	\$ 1,250,553	-
Software Development in Progress	239,884	172,573	412,457	-
Total Capital Assets, not being depreciated	<u>1,523,236</u>	<u>486,654</u>	<u>1,663,010</u>	<u>346,880</u>
Capital Assets, being depreciated:				
Buildings	10,679,687	1,250,553		11,930,240
Other Structures and Improvements	777,639			777,639
Furniture, Machinery and Equipment	4,556,865	420,505	223,022	4,754,348
Software Development		412,457		412,457
Total Capital Assets, being depreciated	<u>16,014,191</u>	<u>2,083,515</u>	<u>223,022</u>	<u>17,874,684</u>
Less Accumulated Depreciation for:				
Buildings and Other Structures and Improvements	5,723,132	319,769		6,042,901
Movable Equipment	<u>2,939,208</u>	<u>317,711</u>	<u>201,176</u>	<u>3,055,743</u>
Total Accumulated Depreciation	<u>8,662,340</u>	<u>637,480</u>	<u>201,176</u>	<u>9,098,644</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 7,351,851</u>	<u>\$ 1,446,035</u>	<u>\$ 21,846</u>	<u>\$ 8,776,040</u>

Furniture, machinery and equipment include \$384,480 of assets acquired under capital lease.
Other structures and improvements include \$14,361 of assets acquired under capital lease.

The Community College signed a joint use operating lease agreement for the use of space at 950 Corporate Center, Sioux Center, Iowa on January 1, 2003. The agreement is a commitment of \$5,000 a year for five years through December 31, 2007.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2005

NOTE 6 – Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2005, is as follows:

	<u>Certificates Payable</u>	<u>Notes Payable</u>	<u>Bonds Payable</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance Beginning of Year	\$ 6,135,000	\$ 235,000	\$ 235,000	\$ 182,266	\$ 6,787,266
Additions	1,075,000			79,507	1,154,507
Reductions	995,000	65,000	35,000	82,162	1,177,162
Balance End of Year	<u>\$ 6,215,000</u>	<u>\$170,000</u>	<u>\$ 200,000</u>	<u>\$ 179,611</u>	<u>\$ 6,764,611</u>
Portion Due Within One Year	<u>\$ 1,035,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 16,207</u>	<u>\$ 1,131,207</u>

Certificates Payable

In accordance with agreements dated between December 9, 1985 and May 1, 2004, the Community College issued certificates totaling \$13,455,000, with interest rates ranging from 2.6% to 8.1% per annum. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default from standby property taxes.

Long-Term Debt

The certificates will mature as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 1,035,000	\$ 376,392	\$ 1,411,392
2007	1,185,000	315,694	1,500,694
2008	995,000	244,225	1,239,225
2009	925,000	181,730	1,106,730
2010	600,000	121,703	721,703
2011-2015	1,475,000	187,072	1,662,072
Total	<u>\$6,215,000</u>	<u>\$ 1,426,816</u>	<u>\$ 7,641,816</u>

Notes Payable

The Community College has issued two notes as allowed by Section 260C.58 of the Code of Iowa.

The first note, for the purchase of equipment, was issued for \$125,000 during the year ended June 30, 2000. There is no stated interest rate and the note is payable in annual installments of \$12,500 each July beginning on July 1, 2000. The note balance at June 30, 2005 is \$50,000. The note is unsecured.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2005

NOTE 6 – Changes in Long-Term Liabilities – (Continued)

The second note, to finance building expansion, was issued for \$200,000 during the year ended June 30, 2003. There is no stated interest rate and the note is payable in annual installments of \$40,000 each September beginning on September 9, 2003. The note balance at June 30, 2005 is \$120,000. The note is unsecured.

Bonds Payable

On December 1, 2001, the Community College advance refunded its 1992 dormitory building construction bonds. The Community College issued \$335,000 dormitory refunding revenue bonds with interest rates ranging from 2.50% to 4.30% to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Plant Fund. This refunding was undertaken to reduce total debt service payments over the next 8 years by \$81,590.

The Dormitory refunding bonds will mature as follows:

<u>Years</u> <u>Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	3.60%	40,000	8,000	48,000
2007	3.80%	35,000	6,560	41,560
2008	4.05%	40,000	5,230	45,230
2009	4.20%	45,000	3,610	48,610
2010	4.30%	40,000	1,720	41,720
Total		\$ 200,000	\$ 25,120	\$ 225,120

NOTE 7 – Iowa Public Employees Retirement System (IPERS)

The Community College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.7% of their annual covered salary and the Community College is required to contribute 5.75% of annual payroll. Contribution requirements are established by State statute. The Community College's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$123,246, \$115,925, and \$120,957 respectively, equal to the required contribution.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2005

NOTE 8 – Teachers Insurance and Annuity Association – College Retirement Equities (TIAA-CREF)

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 3.7% and the Community College is required to contribute 5.75%. The Community College and employee required and actual contribution to TIAA-CREF for the year ended June 30, 2005, was \$131,862 and \$84,850, respectively.

NOTE 9 – New Jobs Training Programs

The Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area IV in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the Community College has administered forty-seven projects with ten currently receiving project funding. The thirty-seven remaining projects have been completed, and only repayment of the certificates is left. In cases where projects exceed the budgeted amounts, the Community College intends to obtain additional withholding revenue from the companies.

The Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Area IV in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. Since inception, the Community College has administered 43 projects, with 15 currently receiving project funding.

The Community College is also involved in the Iowa Accelerated Career Education (ACE) Program in Area IV in accordance with Chapter 260G of the Code of Iowa. ACE's purpose is to provide financial assistance for business driven training programs. The Community College received state grants for \$291,837 and \$366,666 for the construction of a new facility for the associate degree in nursing program, as well as \$366,666 for construction involved with a new radiology tech program. Construction has not begun, thus none of this grant had been received at June 30, 2005. The second aspect of this program provides funding for the operational costs of a program through withholding credits and a 20% employer match. The Community College has five 260G programs, general machinist, industrial instrumentation, practical nursing, and two associate nursing programs.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2005

NOTE 10 – Contingent Liability – Early Retirement

Full-time, certified staff who will be 55 years of age through 65 years of age and who have at least 10 years of service with the Community College are eligible for early retirement remuneration. Retirement will be effective subsequent to appropriate approval and at the end of the Community College quarter. A staff member who accepts early retirement, will receive a one-time cash payment benefit of 3% per year for each complete year of full-time service to the Community College, times his/her annual salary during the year of retirement, not to exceed the employee's annual salary. In addition, the Community College will set aside funds to pay the retiree's and retiree's spouse's health/dental insurance premium from the time of retirement until the month of the retiree's 65th birthday and until the month of the spouse's 65th birthday if the retiring employee covered the spouse at retirement, respectively. The liability for all employees who have accepted early retirement is recorded in the restricted early retirement fund. As of June 30, 2005, the potential liability if all eligible employees accepted early retirement has not been determined.

NOTE 11 – Risk Management

The Community College carries commercial insurance purchased from other insurers for coverage associated with general liability, automobile liability and physical damage, property and inland marine, errors and omissions, crime insurance, fiduciary bonds, boiler and machinery insurance, and health and dental insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Prior to July 31, 2003, the Community College self-insured for health and dental coverage. The insurance reserve liability of \$150,000 is maintained in case the Community College decides to self-insure in the future.

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REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST IOWA COMMUNITY COLLEGE
Budgetary Comparison Schedule of Expenditures –
Budget and Actual
June 30, 2005

Funds/Levy	Budget	Actual	Variance Between Actual and Budget
Unrestricted	\$ 7,975,0335	\$ 7,535,032	\$ 440,003
Restricted	4,356,000	2,523,335	1,832,665
Unemployment	20,000	8,087	11,913
Insurance	141,800	128,856	12,944
Early Retirement	56,400	-	56,400
Equipment Replacement	209,760	336,267	(126,507)
Total Restricted	4,783,960	2,996,545	1,787,415
Plant	1,200,000	979,021	220,979
Total	\$ 13,958,995	\$ 11,510,598	\$ 2,448,397

NORTHWEST IOWA COMMUNITY COLLEGE
Note to Required Supplementary Information –
Budgetary Reporting
June 30, 2005

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the Community College on a basis consistent with U.S. generally accepted accounting principles. Following required public notice and hearing and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Job Training Partnership Act Accounts, Scholarships and Grants Accounts, Loan Funds, Endowment Funds and Agency Funds.

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OTHER SUPPLEMENTARY INFORMATION

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to Other Supplementary Information
June 30, 2005

Supplemental Financial Statements

The supplemental financial information of the Community College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. These funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The various fund groups and their designated purposes are as follows:

Current Funds – The current funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the Community College and consist of the following:

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff, and/or institutional departments and which are supplemental to the educational and general objectives of the Community College. In addition, it accounts for activities which provide instructional and laboratory experiences for students and which incidentally create goods and services that may be sold to students, faculty, staff and the general public.

Restricted Fund – The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by contributions from private citizens.

Endowment Fund – The Northwest Iowa Community College Foundation is reported as an endowment fund since the net assets are maintained under the separate control of the Foundation Board and are not accessible directly by the Community College. A significant portion of the Foundation net assets are restricted by donors where the principal is maintained inviolate and only the income from those funds may be used.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the Community College properties and consist of the following self-balancing subfunds:

Unexpended – This subfund is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness – This subfund is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to Other Supplementary Information
June 30, 2005

Investment in Plant – This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds – The Agency Funds are used to account for assets held by the Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities. Transactions of the Agency Funds represent charges or credits to the individual asset and liability accounts and do not involve measurement of revenues or expenditures.

Statements presented in the supplemental information are reported using the "current financial resources measurement focus" and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The statement of revenues, expenditures and changes in fund balance is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

**NORTHWEST IOWA COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2005**

	Current Funds			Loan Funds
	Unrestricted	New Jobs Training	Other Restricted	
Assets				
Cash and Pooled Investments	\$ 4,286,242	\$ 3,921,478	\$ 1,140,851	\$ 12,983
Receivables:				
Accounts	333,125		7,770	
Property Tax:				
Current Year Delinquent	6,436		5,982	
Succeeding Year	479,022		422,605	
Notes				90
Due from Other Funds	4,662			
Due from Other Governmental Agencies	71,073		62,342	
Iowa Industrial New Jobs Training Program		2,293,522		
Inventories	158,343			
Capital Assets				
Land				
Buildings				
Software Development				
Other Structures and Improvements				
Furniture, Machinery and Equipment				
Accumulated Depreciation				
Endowment Investments				
Total Assets	\$ 5,338,903	\$ 6,215,000	\$ 1,639,550	\$ 13,073

See Accompanying Independent Auditor's Report

Endowment Fund	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment in Plant			
	\$ 1,540,051	\$ 13,642				\$ 10,915,247
						340,895
	6,159					18,577
	479,022					1,380,649
						90
					\$ (4,662)	-
	366,666			\$ 131,544		631,625
						2,293,522
						158,343
			\$ 346,880			346,880
			11,930,240			11,930,240
			412,457			412,457
			777,639			777,639
			4,754,348			4,754,348
					(9,098,644)	(9,098,644)
\$ 1,598,525						1,598,525
\$ 1,598,525	\$ 2,391,898	\$ 13,642	\$ 18,221,564	\$ 131,544	\$ (9,103,306)	\$ 26,460,393

NORTHWEST IOWA COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2005

	Current Funds			Loan Funds				
	Unrestricted	Restricted						
		New Jobs Training	Other Restricted					
Liabilities and Equity								
Liabilities:								
Accounts Payable	\$	161,547		\$	935			
Salaries and Benefits Payable		153,906			1,976			
Interest Payable								
Due to Other Funds					1,346			
Deferred Revenue								
Succeeding Year Property Tax		479,022			422,605			
Other		132,745			74,142			
Early Retirement Payable					220,182			
Compensated Absences		178,666						
Insurance Reserve		150,000						
Deposits Held in Custody for Others		10,136						
Certificates Payable			\$	6,215,000				
Notes Payable		50,000						
Bonds Payable								
Total Liabilities		1,316,022	6,215,000	721,186	-			
Fund Balance:								
Invested in Capital Assets, Net of Related Debt								
Fund Balances:								
Restricted								
Nonexpendable:								
Cash Reserve				119,015				
Permanent Foundation Net Assets								
Expendable:								
Loans				\$	13,073			
Other Foundation Net Assets								
Other				799,349				
Unrestricted		4,022,881						
Total Fund Balances		4,022,881	-	918,364	13,073			
Total Liabilities and Equity	\$	5,338,903	\$	6,215,000	\$	1,639,550	\$	13,073

See Accompanying Independent Auditor's Report

Endowment Fund	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment in Plant			
	\$ 6,765			\$ 2,460		\$ 171,707
		\$ 667				155,882
				3,316	\$ (4,662)	667
	479,022					-
\$ 88,816					(88,816)	1,380,649
						206,887
						220,182
				945		179,611
						150,000
				124,823		134,959
						6,215,000
			\$ 120,000			170,000
			200,000			200,000
88,816	485,787	667	320,000	131,544	(93,478)	9,185,544
			17,901,564		(9,098,644)	8,802,920
948,755						119,015
						948,755
560,954					88,816	13,073
		12,975				649,770
	1,906,111					812,324
						5,928,992
1,509,709	1,906,111	12,975	17,901,564	-	(9,009,828)	17,274,849
\$ 1,598,525	\$ 2,391,898	\$ 13,642	\$ 18,221,564	\$ 131,544	\$ (9,103,306)	\$ 26,460,393

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**NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2005**

	Current Funds		
	Unrestricted	Restricted	
		Jobs Training	Other Restricted
Revenues and other additions:			
General:			
State Appropriations	\$ 3,620,786		\$ 302,846
Tuition and Fees	3,320,277		
Property tax	473,231		419,687
Federal Appropriations	279,976		1,427,652
Interest on Investments	186,808	\$ 1,058	24,798
Rental of College Facilities	16,834		
Iowa Industrial New Jobs Training Program		895,643	
Increase in Plant Investment Due to Plant Expenditures			
Increase in Plant Investment Due to Retirement of Debt			
Miscellaneous	240,164		417,370
Total General	8,138,076	896,701	2,592,353
Auxiliary Enterprises:			
State Appropriations	190,052		
Tuition and Fees	47,729		
Sales and Services	991,491		
Interest on Investments	36,111		
Federal Appropriations	5,151		
Sale of Capital Assets	10,000		
Miscellaneous	545,240		
Total Auxiliary Enterprises	1,825,774	-	-
Foundation Revenue, Gains & Support			
Total Revenues and Other Additions	\$ 9,963,850	\$ 896,701	\$ 2,592,353

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Loan Funds	Endowment Funds	Plant Funds			Adjustments	Total
		Unex- pended	Retirement of Indebtedness	Investment in Plant		
		\$ 366,666			\$ (652,709)	\$ 4,290,298
		472,954				2,667,568
						1,365,872
		24,601				1,707,628
						237,265
						16,834
						895,643
				\$ 907,159	(907,159)	-
				35,000	(35,000)	-
						657,534
-	-	864,221	-	942,159	(1,594,868)	11,838,642
						190,052
						47,729
					(214,791)	776,700
						36,111
						5,151
					(10,000)	-
						545,240
-	-	-	-	-	(224,791)	1,600,983
	\$ 291,503				(3,788)	287,715
-	\$ 291,503	\$ 864,221	-	\$ 942,159	\$ (1,823,447)	\$ 13,727,340

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**NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2005**

	Current Funds		
	Unrestricted	Restricted Jobs Training	Other Restricted
Expenditures and other deductions:			
Education and Support:			
Liberal Arts and Sciences	\$ 951,456		
Vocational Technical	2,849,283		\$ 70,946
Adult Education	707,830		3,368
Cooperative Services	12,001	\$ 896,701	
Administration	565,264		27,925
Student Services	566,894		
Learning Resources	162,827		
Physical Plant	515,659		144,464
General Institution	1,203,818		794,504
Total Education and Support	7,535,032	896,701	1,041,207
Auxiliary Enterprises	1,718,690		
Scholarships and Grants			1,058,637
Plant Asset Acquisitions			
Retirement of Indebtedness			
Disposal of Plant Assets			
Loss on Disposal of Assets			
Interest on Indebtedness			
Depreciation			
Foundation Program & Supporting Services			
Total Expenditures	9,253,722	896,701	2,099,844
Excess (Deficiency) of Revenues and Other Additions			
Over (Under) Expenditures and Other Deductions	710,128	-	492,509
Transfers:			
Mandatory Transfers			
Non-mandatory Transfers	(263,839)		(372,732)
Total Transfers	(263,839)	-	(372,732)
Net	446,289	-	119,777
Fund Balances Beginning of Year	3,576,592	-	798,587
Fund Balances End of Year	\$ 4,022,881	\$ -	\$ 918,364

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Loan Funds	Endowment Funds	Plant Funds			Adjustments	Total
		Unex- pended	Retirement of Indebtedness	Investment in Plant		
	\$ 47,028				\$ (29,605)	\$ 921,851
					(61,783)	2,905,474
					(46,450)	664,748
					(2,344)	906,358
					-	593,189
					-	566,894
					47,162	209,989
		\$ 218,629			3,312	882,064
					(19,832)	1,978,490
-	47,028	218,629	-	-	(109,540)	9,629,057
	179,185					1,718,690
		937,802			(727,318)	510,504
			\$ 35,000		(937,802)	-
				\$ 223,022	(35,000)	-
					(223,022)	-
					11,847	11,847
			9,091			9,091
					637,480	637,480
	6,015					6,015
-	232,228	1,156,431	44,091	223,022	(1,383,355)	12,522,684
-	59,275	(292,210)	(44,091)	719,137	(440,092)	1,204,656
		(40,000)		40,000		-
		636,571				-
-	-	596,571	-	40,000	-	-
-	59,275	304,361	(44,091)	759,137	(440,092)	1,204,656
\$ 13,073	1,450,434	1,601,750	57,066	17,142,427	(8,569,736)	16,070,193
\$ 13,073	\$ 1,509,709	\$ 1,906,111	\$ 12,975	\$ 17,901,564	\$ (9,009,828)	\$ 17,274,849

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**NORTHWEST IOWA COMMUNITY COLLEGE
UNRESTRICTED FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EDUCATION AND SUPPORT
FOR THE YEAR ENDED JUNE 30, 2005**

	Education			
	Liberal Arts and Science	Vocational Technical	Adult Education	Cooperative Services
REVENUES				
State Appropriations	\$ 535,400	\$ 1,479,038	\$ 1,606,197	
Tuition and Fees	440,796	2,559,948	294,220	
Property Tax				
Federal Appropriations		78,826	124,087	\$ 12,000
Rental of College Facilities				
Interest on Investments				
Miscellaneous		206,276	10	
	<u>976,196</u>	<u>4,324,088</u>	<u>2,024,514</u>	<u>12,000</u>
Allocation of Support Services	169,220	353,150	265,506	13,402
Total Revenues	<u>1,145,416</u>	<u>4,677,238</u>	<u>2,290,020</u>	<u>25,402</u>
EXPENDITURES				
Salaries and Benefits	899,060	2,444,320	545,185	3,985
Services	36,673	200,736	109,722	7,069
Materials and Supplies	15,723	196,980	19,045	392
Travel		7,247	33,878	555
	<u>951,456</u>	<u>2,849,283</u>	<u>707,830</u>	<u>12,001</u>
Allocation of Support Services	636,618	1,328,573	998,851	50,420
Total Expenditures	<u>1,588,074</u>	<u>4,177,856</u>	<u>1,706,681</u>	<u>62,421</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(442,658)	499,382	583,339	(37,019)
TRANSFERS				
Non-Mandatory Transfers In				
Non-Mandatory Transfers Out	(118,823)	(247,975)	(186,433)	(9,411)
Net	<u>\$ (561,481)</u>	<u>\$ 251,407</u>	<u>\$ 396,906</u>	<u>\$ (46,429)</u>

Fund Balances Beginning of Year

Fund Balances End of Year

Note: The support services allocations are based on the percentage of contact hours reported.

Support Services					Total Education and Support Services
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	
		\$ 151			\$ 3,620,786
	\$ 25,313				3,320,277
\$ 473,231					473,231
24,373				\$ 40,690	279,976
			\$ 16,834		16,834
177,662				9,146	186,808
18,515				15,363	240,164
693,781	25,313	151	16,834	65,199	8,138,076
(693,781)	(25,313)	(151)	(16,834)	(65,199)	-
-	-	-	-	-	8,138,076
436,892	491,385	119,598	373,318	680,002	5,993,745
104,473	43,359	12,952	79,067	407,691	1,001,742
9,998	22,438	29,524	63,012	65,041	422,153
13,901	9,712	753	262	51,084	117,392
565,264	566,894	162,827	515,659	1,203,818	7,535,032
(565,264)	(566,894)	(162,827)	(515,659)	(1,203,818)	-
-	-	-	-	-	7,535,032
-	-	-	-	-	603,044
				(562,642)	(562,642)
				562,642	-
-	-	-	-	-	40,402
					933,114
					\$ 973,516

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**NORTHWEST IOWA COMMUNITY COLLEGE
UNRESTRICTED FUND
STATEMENT OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCE
AUXILIARY ENTERPRISES
FOR THE YEAR ENDED JUNE 30, 2005**

	Bookstore	Dormitories	Carpentry
REVENUES			
State Appropriations			
Tuition and Fees			
Sales and Services (Net of Returns)	\$ 491,750	\$ 58,344	
Interest on Investments	2,900	3,375	\$ 3,343
Federal Appropriations	3,266		
Sale of Capital Assets			
Miscellaneous	2,245	1,532	1,729
Total Revenues	500,161	63,251	5,072
EXPENDITURES			
Salaries and Benefits	34,467		
Services	10,720	4,646	
Materials and Supplies	47,837		
Travel	202		
Plant Asset Acquisitions			
Cost of Goods Sold	372,392		
Private Scholarships			
Miscellaneous	400		
Total Expenditures	466,018	4,646	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,143	58,605	5,072
TRANSFERS			
Non-Mandatory Transfers In			3,439
Non-Mandatory Transfers Out	(6,245)	(44,190)	(3,439)
Net	27,898	14,415	5,072
Fund Balance Beginning of Year	343,657	196,058	84,479
Fund Balance End of Year	\$ 371,555	\$ 210,473	\$ 89,551

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Farm	Parts	Printing and Reproduction	Trade and Industry	Other	Total
			\$ 119,539	\$ 70,513	\$ 190,052
				47,729	47,729
\$ 1,606	\$ 213,094	\$ 95,401		131,296	991,491
2,564	1,461	2,884	10,691	8,893	36,111
				1,885	5,151
				10,000	10,000
		563	362,662	176,509	545,240
4,170	214,555	98,848	492,892	446,825	1,825,774
		30,777	258,869	98,142	422,255
	67	856	254,701	129,665	400,655
140	2,112	17,227	25,058	162,931	255,305
			20,997	14,762	35,961
	195,400			11,903	579,695
				5,000	5,000
15,000		(304)		4,723	19,819
15,140	197,579	48,556	559,625	427,126	1,718,690
(10,970)	16,976	50,292	(66,733)	19,699	107,084
30,000			17,959	342,527	393,925
		(7,898)		(33,350)	(95,122)
19,030	16,976	42,394	(48,774)	328,876	405,887
48,313	115,127	125,071	546,723	1,184,050	2,643,478
\$ 67,343	\$ 132,103	\$ 167,465	\$ 497,949	\$ 1,512,926	\$ 3,049,365

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**NORTHWEST IOWA COMMUNITY COLLEGE
RESTRICTED FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005**

	Scholarships and Grants	Equipment Replacement	Insurance
REVENUES			
State Appropriations	\$ 211,043		
Property Tax		\$ 210,164	\$ 152,437
Federal Appropriations	666,660		
Investment Income			
Iowa Industrial New Jobs Training Program			
Gifts and Grants			
Miscellaneous	180,788		
Total Revenues	<u>1,058,491</u>	<u>210,164</u>	<u>152,437</u>
EXPENDITURES			
Salaries and Benefits			
Services			128,856
Material and Supplies		336,267	
Travel			
Interest in Indebtedness			
Plant Asset Acquisitions			
Federal Pell Grant Program	637,920		
Federal Supplemental Educational Opportunity Grant	13,550		
Federal TRIO and Title 3 Grant Program			
Federal College Work Study	9,904		
Other Misc. Federal Funds	5,285		
Iowa College Student Aid Commission	76,043		
Other Misc. State Grants	137,229		
Private Scholarships	178,706		
Total Expenditures	<u>1,058,637</u>	<u>336,267</u>	<u>128,856</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(146)	(126,103)	23,581
TRANSFERS			
Non-Mandatory Transfers In	107,420		
Non-Mandatory Transfers Out	<u>(107,420)</u>		
Net	(146)	(126,103)	23,581
Fund Balances Beginning of Year	<u>6,112</u>	<u>42,391</u>	<u>33,883</u>
Fund Balances (Deficit) End of Year	<u>\$ 5,966</u>	<u>\$ (83,712)</u>	<u>\$ 57,464</u>

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Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Other	Total
	\$ 57,086			\$ 91,803	\$ 302,846
					419,687
				760,992	1,427,652
			\$ 1,058	24,798	25,856
			895,643		895,643
	58,404			178,178	417,370
-	115,490	-	896,701	1,055,771	3,489,054
\$ 8,087				359,728	367,815
			515,566	42,522	686,944
				130,012	466,279
				15,485	15,485
			381,135		381,135
					-
					637,920
					13,550
				20,250	20,250
					9,904
					5,285
					76,043
					137,229
					178,706
8,087	-	-	896,701	567,997	2,996,545
(8,087)	115,490	-	-	487,774	492,509
					107,420
(8,087)	115,490	-	-	(372,732)	(480,152)
				115,042	119,777
44,755	(299,362)	\$ 119,016	-	851,792	798,587
\$ 36,668	\$ (183,872)	\$ 119,016	\$ -	\$ 966,834	\$ 918,364

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NORTHWEST IOWA COMMUNITY COLLEGE
AGENCY FUNDS
STATEMENT OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Student Clubs and Organizations</u>	<u>Iowa Retraining Loan Program</u>	<u>NICC Foundation</u>	<u>Other</u>	<u>Total</u>
Balance Beginning of Year	\$ 60,248	\$ 4,475	\$ 97,785	\$ (3,955)	\$ 158,553
<u>ADDITIONS</u>					
State Appropriations					
Tuition and Fees	28,560				28,560
Interest on Investments			1,434		1,434
Miscellaneous	24,341			65,022	89,363
Total Additions	52,901	-	1,434	65,022	119,357
<u>DEDUCTIONS</u>					
Salaries and Benefits	10,723		29,300	38,140	78,163
Services and Workshops	13,107			10,852	23,959
Material and Supplies	17,262			5,134	22,396
Travel	17,146			536	17,682
Scholarships and Awards	1,964				1,964
Miscellaneous	6,466			2,457	8,923
Total Deductions	66,668	-	29,300	57,119	153,087
Balance End of Year	<u>\$ 46,481</u>	<u>\$ 4,475</u>	<u>\$ 69,919</u>	<u>\$ 3,948</u>	<u>\$ 124,823</u>

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**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
Direct:			
U.S. Department of Education:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	\$ 13,550	
Federal Family Education Loans	84.032		\$ 1,657,760
Federal Work-Study Program	84.033	36,282	
Federal Pell Grant Program	84.063	637,920	
Total for Student Financial Aid Cluster - Note 2		687,752	1,657,760
Higher Education - Institutional Aid - Note 2	84.031	559,695	
TRIO Student Support Services	84.042	241,987	
Total Direct		1,489,434	1,657,760
Indirect:			
U.S. Department of Education:			
Indirect Through Iowa Department of Education:			
Adult Education - State Grant Program	84.002	124,087	
Vocational Education - Basic Grants to States	84.048	78,826	
Vocational Education - Sex Equity/Minority Grant	84.048A	12,000	
Tech-Prep Education	84.243	65,829	
U.S. Department of Labor:			
Indirect Through Proteus Inc.:			
National Farm Workers Jobs Program	17.264	5,285	
Total Indirect		286,027	-
Total		<u>\$ 1,775,461</u>	<u>\$ 1,657,760</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - BASIS OF PRESENTATION- The above Schedule of Expenditures of Federal Awards includes the federal grant activity of Northwest Iowa Community College and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - MAJOR PROGRAMS- Total expenditures from the Student Financial Aid Cluster and the expenditures from the Title III Higher Education - Institutional Aid Program are considered major programs.

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF COSTS COMPARED TO BUDGET
IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM
FOR THE YEAR ENDED JUNE 30, 2005**

Project Name	Project Costs			Subtotal
	Training and Wages	Administration	Legal and Issue Costs	
Rosenboom Machine & Tool - 94				
Grand Labs - 94				
Plum Building Systems - 96		\$ 642		\$ 642
DEMCO - 97		42		42
Foreign Candy Co. - 97		30		30
Vet Pharm - 97		66		66
Miller Loaders, Inc. - 97		39		39
Nemschoff Chairs - 97	\$ 8,029	123		8,152
Maintainer Corp. of Iowa - 97	11,124	111		11,235
Interstates Electric - 97		108		108
Link Manufacturing - 97		81		81
The Conveyor Company - 98		126		126
Rosenboom Machine & Tool - 98	1,917	174		2,091
Excel Specialty Products - 99		305		305
Foreign Candy Co. - 99		130		130
Med Tec - 99		60		60
Data Dimensions - 99		5		5
Pella Corp. - 00		330		330
Link Manufacturing - 00	8,429	70		8,499
Hayes-Albion - 00		70		70
Valley Machining - 00		30		30
Pella Corp. - 01	50,917	273		51,190
Vet Pharm - 01		49		49
SL Energy and Livestock - 01		28		28
Advanced Brands	47,937	175		48,112
Interstates Electric - 03		1,456		1,456
Revival Animal Health - 03	4,843	53		4,896
Little Sioux Corn Processors - 03	7,421	126		7,547
Patrick Cudahy - 04	67,335	210		67,545
Total Component Solutions - 04	59,542	15		59,557
Novartis Animal Health - 04		125		125
TEC Industries - 05		67,579	\$ 2,568	70,147
Alpha Omega Publishing - 05		31,378	1,201	32,579
Prestige Foods - 05		135,158	5,136	140,294
Total	<u>\$ 267,494</u>	<u>\$ 239,167</u>	<u>\$ 8,905</u>	<u>\$ 515,566</u>

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Retirement Costs		Current Year Costs	Less: Non-Budgeted Costs	Prior Period Budgeted Costs	Total Budgeted Costs	Budget
Debt	Interest					
				\$ 222,518	\$ 222,518	\$ 245,000
				91,456	91,456	100,000
\$ 20,000	\$ 1,350	\$ 21,992	\$ 21,350	91,821	92,463	100,000
15,000	2,798	17,840	17,798	81,131	81,173	105,000
10,000	1,865	11,895	11,865	64,396	64,426	70,000
10,000	2,423	12,489	12,423	68,247	68,313	75,000
20,000	3,420	23,459	23,420	19,388	19,427	95,000
20,000	4,150	32,302	24,150	83,140	91,292	140,000
15,000	4,155	30,390	19,155	80,797	92,032	130,000
35,000	7,467	42,575	42,467	228,221	228,329	265,000
25,000	4,977	30,058	29,977	154,886	154,967	200,000
35,000	9,480	44,606	44,480	270,272	270,398	320,000
45,000	13,458	60,549	58,458	204,975	207,066	385,000
60,000	23,449	83,754	83,449	477,088	477,393	535,000
25,000	9,378	34,508	34,378	225,437	225,567	275,000
10,000	4,690	14,750	14,690	72,939	72,999	115,000
-	340	345	340	9,200	9,205	10,000
130,000	59,300	189,630	189,300	638,544	638,874	1,220,000
25,000	12,797	46,296	37,797	186,287	194,786	275,000
25,000	12,798	37,868	37,798	251,915	251,985	285,000
10,000	5,042	15,072	15,042	97,299	97,329	110,000
100,000	57,915	209,105	157,915	822,034	873,224	1,225,000
20,000	12,100	32,149	32,100	92,014	92,063	220,000
10,000	5,735	15,763	15,735	56,878	56,906	120,000
85,000	37,960	171,072	122,960	246,408	294,520	875,000
30,000	14,605	46,061	44,605	72,573	74,029	335,000
10,000	4,518	19,414	14,518	40,203	45,099	100,000
20,000	10,040	37,587	30,040	208,104	215,651	245,000
110,000	32,947	210,492	142,947	247,100	314,645	675,000
25,000	8,244	92,801	33,244	75,730	135,287	165,000
50,000	13,734	63,859	63,734	68,150	68,275	285,000
		70,147			70,147	310,000
		32,579			32,579	145,000
		140,294			140,294	620,000
<u>\$ 995,000</u>	<u>\$ 381,135</u>	<u>\$ 1,891,701</u>	<u>\$ 1,376,135</u>	<u>\$ 5,549,151</u>	<u>\$ 6,064,717</u>	<u>\$ 10,375,000</u>

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**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2005**

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	9,900	-	9,900	189,395	-	189,395
Vocational Education	14,807	-	14,807	395,252	-	395,252
Adult and Continuing Education	-	-	-	288,343	8,816	297,159
Cooperative Programs and Services	-	-	-	-	-	-
Related Services and Activities	-	-	-	-	15,000	15,000
Total	<u>24,707</u>	<u>-</u>	<u>24,707</u>	<u>872,990</u>	<u>23,816</u>	<u>896,806</u>

See Accompanying Independent Auditor's Report

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES**

	<u>Years Ended June 30,</u>			
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Local (Property Tax)	\$ 1,365,872	\$ 1,739,325	\$ 1,439,405	\$ 1,367,925
State	4,480,350	4,834,384	3,920,141	3,944,274
Federal	1,707,628	1,471,415	1,504,354	1,260,141
Total	<u>\$ 7,553,850</u>	<u>\$ 8,045,124</u>	<u>\$ 6,863,900</u>	<u>\$ 6,572,340</u>

See Accompanying Independent Auditor's Report

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF CURRENT FUND REVENUES BY SOURCE
AND EXPENDITURES BY FUNCTION
FOR THE LAST TWO YEARS**

	Years Ended June 30,	
	2005	2004
Revenues:		
State Appropriations	\$ 3,923,632	\$ 3,751,034
Tuition and Fees	3,320,277	3,079,620
Property Tax	892,918	1,201,041
Federal Appropriations	1,707,628	1,471,415
Interest on Investments	212,664	115,449
Iowa Industrial New Jobs Training Program	895,643	1,013,191
Auxiliary Enterprises	1,820,623	2,081,546
Miscellaneous	657,534	556,552
Total	\$ 13,430,919	\$ 13,269,848
Expenditures:		
Liberal Arts and Sciences	\$ 951,456	\$ 882,087
Vocational Technical	2,920,229	2,988,602
Adult Education	711,198	711,687
Cooperative Services	908,702	1,022,219
Administration	593,189	571,449
Student Services	566,894	639,934
Learning Resources	162,827	159,701
Physical Plant	660,123	623,851
General Institution	1,998,322	1,663,411
Auxiliary Enterprises	1,718,690	1,730,754
Scholarships and Grants	1,058,637	970,644
Total	\$ 12,250,267	\$ 11,964,339

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Northwest Iowa Community College
Sheldon, Iowa

We have audited the statement of net assets, and the related statement of revenues, expenses and changes in net assets and cash flows of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, as of and for the year ended June 30, 2005, and have issued our report thereon dated September 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Northwest Iowa Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we are required to report under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2005, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northwest Iowa Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low

level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Northwest Iowa Community College during the course of our audit. If you have any questions concerning the above matters we will be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
September 16, 2005

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Northwest Iowa Community College
Sheldon, Iowa

Compliance

We have audited the compliance of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2005. Northwest Iowa Community College's major Federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of Northwest Iowa Community College's management. Our responsibility is to express an opinion on Northwest Iowa Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Northwest Iowa Community College's compliance with those requirements.

In our opinion, Northwest Iowa Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Northwest Iowa Community College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Northwest Iowa Community College's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the officials, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Williams & Company P.C.
Certified Public Accountants

Le Mars, Iowa
September 16, 2005

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Part I: Summary of the Independent Auditors' Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses were identified during the audit of the financial statements.
- (c) The results of our test disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*
- (d) No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings that are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:

Student Financial Assistance Cluster:

CFDA Numbers:	84.007	Federal Supplemental Educational Opportunity Grants
	84.032	Federal Family Education Loans
	84.033	Federal Work-Study Program
	84.063	Federal Pell Grant Program
Other:		
CFDA Number	84.031	Title III Higher Education—Institutional Aid

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Northwest Iowa Community College qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

REPORTABLE CONDITIONS:

No reportable conditions relating to the General Purpose Financial Statements were noted.

Part III: Findings and Questioned Costs for Federal Awards:

No instances of noncompliance or reportable conditions relating to Federal Awards were noted.

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Part IV: Other Findings Related to Required Statutory Reporting:

- | | |
|---------|---|
| 05-IV-A | <u>Official Depositories</u> – Official depositories have been adopted by the Board. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005. |
| 05-IV-B | <u>Certified Budget</u> – Total operating expenditures for the year ended June 30, 2005 did not exceed the amount budgeted. |
| 05-IV-C | <u>Questionable Expenditures</u> – No expenditures that did not meet the requirements of public purpose, as defined in an Attorney General's opinion, dated April 25, 1979, were noted. |
| 05-IV-D | <u>Travel Expense</u> – No expenditures of the Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted. |
| 05-IV-E | <u>Business Transactions</u> – No business transactions between the Community College and the Community College officials or employees were noted. |
| 05-IV-F | <u>Bond Coverage</u> – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations |
| 05-IV-G | <u>Board Minutes</u> – No transactions were found that we believe should have been approved in the Board minutes but were not. |
| 05-IV-H | <u>Publication</u> – The Community College published a statement of receipts and disbursements of all required funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Code of Iowa. |
| 05-IV-I | <u>Deposits and Investments</u> – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted. |
| 05-IV-J | <u>Credit/Contact Hours</u> – Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College. |

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF PRIOR YEAR FINDINGS FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004**

The audit for the year ended June 30, 2004 did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).